

BMO Preferred Share Fund (the "Fund")

For the six-month period ended March 31, 2019 (the "Period")

Manager: BMO Investments Inc. (the "Manager" or "BMOI")

Portfolio manager: BMO Asset Management Inc., Toronto, Ontario (the "portfolio manager")

2019 Semi-Annual Management Report of Fund Performance

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual or annual financial statements of the Fund. If the semi-annual financial statements of the Fund do not accompany the mailing of this report, you may obtain a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-800-665-7700 and 1-800-668-7327, by writing to us at BMO Investments Inc., First Canadian Place, 100 King Street West, 43rd Floor, Toronto, Ontario, M5X 1A1 or by visiting our website at www.bmo.com/mutualfunds and www.bmo.com/gam/ca or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

During the Period, the Fund's total net asset value changed from approximately \$402 million to approximately \$322 million. Series A units of the Fund returned -12.21%. Please see the *Past Performance* section for information on the performance returns of the Fund's other series.

During the Period, Canadian preferred shares, as measured by the S&P/TSX Preferred Total Return Index, returned -9.0% as the yield on 10-year bonds moved lower, from 2.43% to 1.62%. The Bank of Canada ("BoC") kept interest rates steady. The latest figure for Canada's growth in gross domestic product, published in January, was 1.60% year-over-year. Canada's inflation (year-over-year) fell below the 12-month trend as the latest data published in February showed inflation at 1.50%. Canada's unemployment rate as at February was 5.80%.

An overweight allocation to perpetual preferred shares and underweight exposures to rate reset and floating rate preferred shares contributed to the Fund's performance. An overweight allocation to non-bank perpetual preferred shares also contributed to performance, as did security selection within perpetual preferred shares.

Security selection within rate reset preferred shares detracted from the Fund's performance. Exposure to bank rate reset preferred shares with high reset spreads, and to non-bank rate reset preferred shares with low reset spreads, also detracted from performance.

The portfolio manager initiated new positions in bank rate reset preferred shares with high reset spreads issued by Bank of Nova Scotia and Royal Bank of Canada. Several bank rate reset preferred shares with high reset spreads

were increased in the Fund as they offer protection against interest rate volatility and good dividend yields. Select non-bank rate reset preferred shares with low reset spreads were eliminated from the Fund as their valuations have been impacted by declining interest rates, which raised the risk of dividend cuts at their reset maturity dates. The portfolio manager also trimmed positions in lower-quality non-bank rate reset preferred shares with low reset rates.

The Manager confirms that the Fund did not borrow money during the Period.

For information on the Fund's performance and composition, please refer to the Past Performance section and Summary of Investment Portfolio section of this report.

Recent Developments

The rate reset segment remains the key driving force of the Canadian preferred share market given that it accounts for approximately 80% of the total market. With this segment's positive correlation to interest rates, the trajectory of interest rates will likely dictate overall performance. The portfolio manager expects that the BoC will continue to be prudent in its monetary policies to ensure that continued volatility caused by global economic and geopolitical issues will not push the Canadian economy into a recession. The portfolio manager believes that interest rates will progressively increase over the coming period, but the magnitude and pace will be led by economic performance. The portfolio manager believes that there are good opportunities in selected high-quality rate reset preferred shares with larger reset spreads, given current valuations.

BMO Preferred Share Fund

On December 6, 2018, the Fund's independent review committee (the "IRC") was decreased to five members when John McBride retired as an IRC member. On December 31, 2018, Louise Vaillancourt ceased to act as Chair of the IRC. On January 1, 2019, Marlene Davidge was appointed as Chair of the IRC. On April 4, 2019, the Fund's IRC was decreased to four members when Louise Vaillancourt retired as an IRC member.

RELATED PARTY TRANSACTIONS

BMO Investments Inc., an indirect, wholly-owned subsidiary of Bank of Montreal ("BMO"), is the Manager of the Fund. From time to time, the Manager may, on behalf of the Fund, enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Manager (each a "Related Party"). The purpose of this section is to provide a brief description of any transaction involving the Fund and a Related Party.

Portfolio Manager

The Fund's portfolio manager is BMO Asset Management Inc. ("BMOAM"), an affiliate of the Manager. BMOAM provides portfolio management services to the Fund. BMOAM receives from the Manager a management fee based on assets under management, calculated daily and payable monthly.

Administration Fee and Operating Expenses

The Fund pays a fixed administration fee to the Manager in respect of each series other than Series I. The Manager in return pays the operating expenses of these series of the Fund, other than certain specified expenses that are paid directly by the Fund ("Fund Expenses"). Fund Expenses, include expenses incurred in respect of preparing and distributing fund facts, interest or other borrowing expenses, all reasonable costs and expenses incurred in relation to compliance with National Instrument 81-107 – Independent Review Committee for Investment Funds, including compensation and expenses payable to the Fund's IRC members, taxes to which the Fund is or might be subject, and costs associated with compliance with any new governmental or regulatory requirement introduced after December 1, 2007. Fund Expenses are allocated proportionately among the relevant series. If the Fund Expenses are specific to a series, the Fund Expenses are allocated to that series. The fixed administration fee is calculated as a fixed annual percentage of the average net asset value of each relevant series of the Fund. Separate fees and expenses are negotiated and paid directly by each Series I investor. Further details about the fixed administration fee and/or Fund Expenses can be found in the Fund's most recent simplified prospectus at www.bmo.com/mutualfunds and www.bmo.com/gam/ca or www.sedar.com.

Buying and Selling Securities

During the Period, the Fund relied on standing instructions provided by the IRC with respect to one or more of the following related party transactions:

- (a) investments in securities of BMO, an affiliate of the Manager;
- (b) investments in a class of non-government debt securities and/or equity securities of an issuer during the period of distribution of those securities to the public and/or the 60-day period following the distribution period where BMO Nesbitt Burns Inc., an affiliate of the Manager, acted as an underwriter in the distribution;
- (c) trades in debt securities in the secondary market with BMO Nesbitt Burns Inc. who is trading with the Fund as principal; and
- (d) inter-fund trades (each, a "Related Party Transaction").

In accordance with the IRC's standing instructions, in making a decision to cause the Fund to make a Related Party Transaction, the Manager and portfolio manager of the Fund, are required to comply with the Manager's written policies and procedures governing the Related Party Transaction and report periodically to the IRC, describing each instance that the Manager relied on the standing instructions and its compliance or non-compliance with the governing policies and procedures. The governing policies and procedures are designed to ensure that each Related Party Transaction (i) is made free from any influence of BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc. and without taking into account any considerations relevant to BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc., (ii) represents the business judgment of the Manager, uninfluenced by considerations other than the best interests of the Fund, and (iii) achieves a fair and reasonable result for the Fund.

Brokerage Commissions

The Fund pays standard brokerage commissions at market rates to BMO Nesbitt Burns Inc., an affiliate of the Manager, for executing a portion of its trades. The brokerage commissions charged to the Fund (excluding exchange and other fees) during the periods indicated, were as follows:

	Period ended Mar. 31, 2019 \$000	Period ended Mar. 31, 2018 \$000
Total brokerage commissions	123	160
Brokerage commissions paid to BMO Nesbitt Burns Inc.	22	34

BMO Preferred Share Fund

Distribution Services

The Manager markets and distributes the Fund through Bank of Montreal branches and/or (depending on the series) through registered dealers and brokers, including BMO InvestorLine Inc. and BMO Nesbitt Burns Inc., both affiliates of the Manager. The Manager pays to these affiliates a service fee called a “trailing commission” based on the average daily value of the units and/or shares that are held in investor accounts. This service fee is paid monthly or quarterly and varies by purchase option and by series.

Management Fees

The Manager is responsible for the day-to-day management of the business and operations of the Fund. The Manager monitors and evaluates the Fund’s performance, pays for the investment advice provided by the Fund’s portfolio manager and provides certain administrative services required by the Fund. As compensation for its services, the Manager is entitled to receive a management fee payable monthly, calculated based on the daily net asset value of each series of the Fund at the annual rate set out in the table below.

	Annual Management Fee Rate [*] %	As a Percentage of Management Fees	
		Dealer Compensation %	General Administration, Investment Advice and Profit %
Series A Units	1.55	64	36
Advisor Series Units	1.55	68	32
Series F Units	0.60	0	100
Series D Units	0.85	29	71
Series I Units	—	—	—
Series O Units	0.025	0	100

^{*} For Series I Units, separate Series I fees are negotiated and paid directly by each Series I investor. Since the Manager pays no distribution, service or trailing fees on Series I Units, the combined management and administrative fees for Series I Units will not exceed the management fee charged for Advisor Series or Series A Units.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s financial performance for the periods indicated.

The Fund’s Net Assets per Unit⁽¹⁾

Series A Units

	Period ended Mar. 31 2019	2018	Periods ended Sep. 30			2014
	2019	2018	2017	2016	2015	2014
Net assets, beginning of period	\$ 9.06	9.10	8.33	8.08	10.16	10.05
Increase (decrease)						
from operations:						
Total revenue	\$ 0.21	0.43	0.43	0.44	0.44	0.46
Total expenses ⁽²⁾	\$ -0.08	-0.18	-0.17	-0.16	-0.19	-0.20
Realized gains (losses)						
for the period	\$ -0.29	-0.01	-0.31	-1.87	-0.13	-0.06
Unrealized gains (losses)						
for the period	\$ -1.00	-0.04	1.06	2.09	-1.65	0.13
Total increase (decrease)						
from operations⁽³⁾	\$ -1.16	0.20	1.01	0.50	-1.53	0.33
Distributions:						
From income						
(excluding dividends)	\$ —	—	—	—	—	—
From dividends	\$ 0.14	0.25	0.27	0.30	0.30	0.21
From capital gains	\$ —	—	—	—	—	—
Return of capital	\$ 0.00	0.00	0.00	0.00	—	0.00
Total Annual Distributions⁽⁴⁾	\$ 0.14	0.25	0.27	0.30	0.30	0.21
Net assets, end of period	\$ 7.82	9.06	9.10	8.33	8.08	10.16

Advisor Series Units

	Period ended Mar. 31 2019	2018	Periods ended Sep. 30			2014
	2019	2018	2017	2016	2015	2014
Net assets, beginning of period	\$ 9.18	9.22	8.44	8.17	10.20	10.05
Increase (decrease)						
from operations:						
Total revenue	\$ 0.21	0.43	0.44	0.45	0.44	0.46
Total expenses ⁽²⁾	\$ -0.08	-0.18	-0.18	-0.16	-0.18	-0.19
Realized gains (losses)						
for the period	\$ -0.29	-0.01	-0.31	-1.68	-0.17	-0.08
Unrealized gains (losses)						
for the period	\$ -0.92	-0.02	1.09	1.95	-2.27	0.14
Total increase (decrease)						
from operations⁽³⁾	\$ -1.08	0.22	1.04	0.56	-2.18	0.33
Distributions:						
From income						
(excluding dividends)	\$ —	—	—	—	—	—
From dividends	\$ 0.14	0.26	0.27	0.28	0.23	0.18
From capital gains	\$ —	—	—	—	—	—
Return of capital	\$ 0.00	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions⁽⁴⁾	\$ 0.14	0.26	0.27	0.28	0.23	0.18
Net assets, end of period	\$ 7.93	9.18	9.22	8.44	8.17	10.20

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Series F Units

	Period ended		Periods ended Sep. 30			
	Mar. 31 2019	2018	2017	2016	2015	2014
Net assets, beginning of period	\$ 9.19	9.31	8.51	8.22	10.23	10.06
Increase (decrease)						
from operations:						
Total revenue	\$ 0.21	0.44	0.44	0.45	0.45	0.47
Total expenses ⁽²⁾	\$ -0.04	-0.09	-0.08	-0.08	-0.09	-0.10
Realized gains (losses)						
for the period	\$ -0.29	-0.01	-0.31	-1.72	-0.20	-0.10
Unrealized gains (losses)						
for the period	\$ -1.03	0.18	1.07	1.98	-2.47	0.23
Total increase (decrease)						
from operations ⁽³⁾	\$ -1.15	0.52	1.12	0.63	-2.31	0.50
Distributions:						
From income						
(excluding dividends)	\$ —	—	—	—	—	—
From dividends	\$ 0.19	0.44	0.36	0.35	0.29	0.27
From capital gains	\$ —	—	—	—	—	—
Return of capital	\$ 0.00	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽⁴⁾	\$ 0.19	0.44	0.36	0.35	0.29	0.27
Net assets, end of period	\$ 7.93	9.19	9.31	8.51	8.22	10.23

Series D Units

	Period ended		Periods ended Sep. 30			
	Mar. 31 2019	2018	2017	2016	2015	2014 ⁽⁵⁾
Net assets, beginning of period	\$ 9.11	9.15	8.36	8.08	10.11	10.00 [*]
Increase (decrease)						
from operations:						
Total revenue	\$ 0.21	0.43	0.43	0.44	0.44	0.21
Total expenses ⁽²⁾	\$ -0.05	-0.11	-0.11	-0.10	-0.11	-0.06
Realized gains (losses)						
for the period	\$ -0.30	-0.01	-0.31	-1.45	-0.16	-0.05
Unrealized gains (losses)						
for the period	\$ -0.89	-0.04	0.89	1.77	-2.15	0.05
Total increase (decrease)						
from operations ⁽³⁾	\$ -1.03	0.27	0.90	0.66	-1.98	0.15
Distributions:						
From income						
(excluding dividends)	\$ —	—	—	—	—	—
From dividends	\$ 0.16	0.33	0.32	0.33	0.33	0.08
From capital gains	\$ —	—	—	—	—	—
Return of capital	\$ 0.00	0.00	0.00	0.00	—	—
Total Annual Distributions ⁽⁴⁾	\$ 0.16	0.33	0.32	0.33	0.33	0.08
Net assets, end of period	\$ 7.87	9.11	9.15	8.36	8.08	10.11

Series I Units

	Period ended		Periods ended Sep. 30			
	Mar. 31 2019	2018	2017	2016	2015	2014
Net assets, beginning of period	\$ 9.20	9.24	8.47	8.21	10.25	10.08
Increase (decrease)						
from operations:						
Total revenue	\$ 0.21	0.43	0.44	0.45	0.45	0.47
Total expenses ⁽²⁾	\$ 0.00	0.00	0.00	0.00	0.00	-0.01
Realized gains (losses)						
for the period	\$ -0.29	-0.01	-0.32	-1.83	-0.17	-0.08
Unrealized gains (losses)						
for the period	\$ -1.03	-0.01	1.12	2.13	-2.20	0.18
Total increase (decrease)						
from operations ⁽³⁾	\$ -1.11	0.41	1.24	0.75	-1.92	0.56
Distributions:						
From income						
(excluding dividends)	\$ 0.00	0.00	0.00	0.01	0.02	0.03
From dividends	\$ 0.22	0.44	0.45	0.44	0.40	0.32
From capital gains	\$ —	—	—	—	—	—
Return of capital	\$ 0.00	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽⁴⁾	\$ 0.22	0.44	0.45	0.45	0.42	0.35
Net assets, end of period	\$ 7.94	9.20	9.24	8.47	8.21	10.25

Series O Units

	Period ended		Periods ended Sep. 30			
	Mar. 31 2019	2018	2017	2016	2015	2014
Net assets, beginning of period	\$ 9.09	9.13	8.36	8.08	10.13	10.02
Increase (decrease)						
from operations:						
Total revenue	\$ 0.21	0.43	0.43	0.38	0.44	0.46
Total expenses ⁽²⁾	\$ -0.01	-0.03	-0.02	-0.02	-0.03	-0.03
Realized gains (losses)						
for the period	\$ -0.28	-0.01	-0.32	-0.40	-0.14	-0.06
Unrealized gains (losses)						
for the period	\$ -1.04	-0.01	1.13	0.29	-1.74	0.12
Total increase (decrease)						
from operations ⁽³⁾	\$ -1.12	0.38	1.22	0.25	-1.47	0.49
Distributions:						
From income						
(excluding dividends)	\$ —	—	—	—	—	0.01
From dividends	\$ 0.21	0.42	0.42	0.40	0.43	0.32
From capital gains	\$ —	—	—	—	—	—
Return of capital	\$ 0.00	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽⁴⁾	\$ 0.21	0.42	0.42	0.40	0.43	0.33
Net assets, end of period	\$ 7.84	9.09	9.13	8.36	8.08	10.13

* Initial net assets.

⁽¹⁾ This information is derived from the Fund's unaudited and audited annual financial statements.

⁽²⁾ Includes commissions and other portfolio transaction costs and withholding taxes.

⁽³⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

⁽⁴⁾ Distributions were either paid in cash or reinvested in additional units of the Fund, or both. The allocation of the distributions from each of income, dividends, capital gains and return of capital is based on the Manager's estimate as at March 31 or September 30 of the period shown, as applicable, which is the Fund's financial year-end. However, the actual allocation of distributions is determined as at December 15, the Fund's tax year-end. Accordingly, the actual allocation among income, dividends, capital gains and return of capital may differ from these estimates.

⁽⁵⁾ The information shown in this column is for the period beginning April 7, 2014 (the series' inception date) and ending September 30, 2014.

BMO Preferred Share Fund

Ratios and Supplemental Data

Series A Units

	Period ended		Periods ended Sep. 30			
	Mar. 31 2019	2018	2017	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 6,595	8,607	8,178	6,176	8,833	19,360
Number of units						
outstanding (000's) ⁽¹⁾	843	950	899	742	1,094	1,906
Management expense ratio ⁽²⁾	% 1.90	1.90	1.90	1.90	1.95	1.95
Management expense ratio						
before waivers or absorptions	% 1.95	1.95	1.94	1.95	1.95	1.95
Trading expense ratio ⁽³⁾	% 0.07	0.06	0.06	0.05	0.06	0.10
Portfolio turnover rate ⁽⁴⁾	% 6.92	18.66	23.11	29.20	21.08	27.44
Net asset value per unit	\$ 7.82	9.06	9.10	8.33	8.08	10.16

Advisor Series Units

	Period ended		Periods ended Sep. 30			
	Mar. 31 2019	2018	2017	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 3,866	4,578	4,958	4,501	2,965	1,217
Number of units						
outstanding (000's) ⁽¹⁾	488	498	538	533	363	119
Management expense ratio ⁽²⁾	% 1.90	1.90	1.90	1.90	1.87	1.87
Management expense ratio						
before waivers or absorptions	% 1.94	1.95	1.95	1.95	1.93	1.89
Trading expense ratio ⁽³⁾	% 0.07	0.06	0.06	0.05	0.06	0.10
Portfolio turnover rate ⁽⁴⁾	% 6.92	18.66	23.11	29.20	21.08	27.44
Net asset value per unit	\$ 7.93	9.18	9.22	8.44	8.17	10.20

Series F Units

	Period ended		Periods ended Sep. 30			
	Mar. 31 2019	2018	2017	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 1,845	2,632	9,054	6,270	3,615	624
Number of units						
outstanding (000's) ⁽¹⁾	233	286	973	737	440	61
Management expense ratio ⁽²⁾	% 0.88	0.87	0.88	0.90	0.90	0.90
Management expense ratio						
before waivers or absorptions	% 0.88	0.87	0.88	0.92	0.94	0.96
Trading expense ratio ⁽³⁾	% 0.07	0.06	0.06	0.05	0.06	0.10
Portfolio turnover rate ⁽⁴⁾	% 6.92	18.66	23.11	29.20	21.08	27.44
Net asset value per unit	\$ 7.93	9.19	9.31	8.51	8.22	10.23

Series D Units

	Period ended		Periods ended Sep. 30			
	Mar. 31 2019	2018	2017	2016	2015	2014 ⁽⁵⁾
Total net asset value (000's) ⁽¹⁾	\$ 369	345	374	221	143	95
Number of units						
outstanding (000's) ⁽¹⁾	47	38	41	26	18	9
Management expense ratio ⁽²⁾	% 1.15	1.15	1.15	1.15	1.15	1.15
Management expense ratio						
before waivers or absorptions	% 1.20	1.20	1.19	1.22	1.19	1.40
Trading expense ratio ⁽³⁾	% 0.07	0.06	0.06	0.05	0.06	0.10
Portfolio turnover rate ⁽⁴⁾	% 6.92	18.66	23.11	29.20	21.08	27.44
Net asset value per unit	\$ 7.87	9.11	9.15	8.36	8.08	10.11

Series I Units

	Period ended		Periods ended Sep. 30			
	Mar. 31 2019	2018	2017	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 279,797	346,471	369,925	374,225	281,762	185,043
Number of units						
outstanding (000's) ⁽¹⁾	35,228	37,641	40,018	44,199	34,317	18,061
Management expense ratio ⁽²⁾	% —	—	—	—	—	—
Management expense ratio						
before waivers or absorptions ⁽²⁾	% —	—	—	—	—	—
Trading expense ratio ⁽³⁾	% 0.07	0.06	0.06	0.05	0.06	0.10
Portfolio turnover rate ⁽⁴⁾	% 6.92	18.66	23.11	29.20	21.08	27.44
Net asset value per unit	\$ 7.94	9.20	9.24	8.47	8.21	10.25

Series O Units

	Period ended		Periods ended Sep. 30			
	Mar. 31 2019	2018	2017	2016	2015	2014
Total net asset value (000's) ⁽¹⁾	\$ 29,325	39,468	50,031	48,332	416,943	678,252
Number of units						
outstanding (000's) ⁽¹⁾	3,742	4,344	5,478	5,781	51,601	66,980
Management expense ratio ⁽²⁾	% 0.25	0.25	0.25	0.25	0.25	0.25
Management expense ratio						
before waivers or absorptions	% 0.25	0.25	0.25	0.25	0.25	0.25
Trading expense ratio ⁽³⁾	% 0.07	0.06	0.06	0.05	0.06	0.10
Portfolio turnover rate ⁽⁴⁾	% 6.92	18.66	23.11	29.20	21.08	27.44
Net asset value per unit	\$ 7.84	9.09	9.13	8.36	8.08	10.13

+ Operating expenses are paid by BMOII and management fees are paid directly to BMOII as negotiated with the investor.

⁽¹⁾ This information is provided as at March 31 or September 30 of the period shown, as applicable.

⁽²⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁽⁴⁾ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

⁽⁵⁾ The information shown in this column is for the period beginning April 7, 2014 (the series' inception date) and ending September 30, 2014.

BMO Preferred Share Fund

PAST PERFORMANCE

The Fund's performance information assumes that all distributions made by the Fund in the periods shown were used to purchase additional securities of the Fund and is based on the net asset value of the Fund.

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember that how the Fund has performed in the past does not indicate how it will perform in the future.

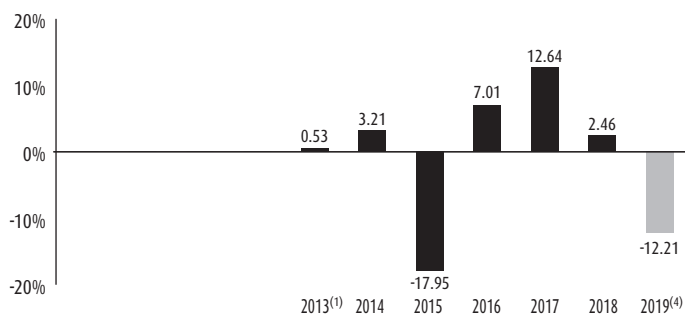
The returns of each series may differ from one another for a number of reasons, including if the series was not issued and outstanding for the entire reporting period and because of the different levels of management fees and expenses allocated and payable by each series.

On February 1, 2017, the management fee on Series F units was lowered from 0.65% to 0.60%. This change could have affected the performance of the Fund had it been in effect throughout the performance measurement periods presented.

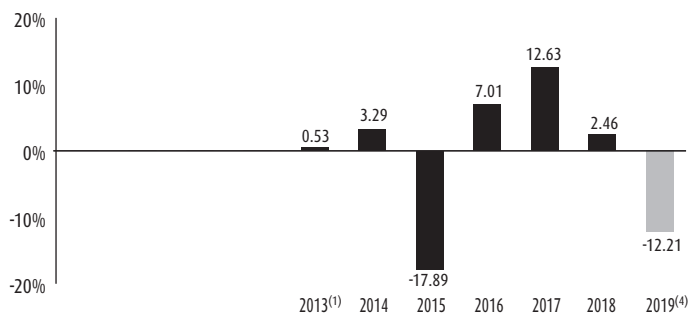
Year-by-Year Returns

The following bar charts show the performance of each series of the Fund for each of the financial years shown and for the six-month period ended March 31, 2019. The charts show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

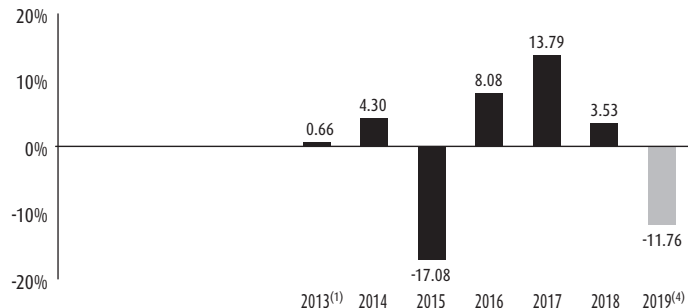
Series A Units



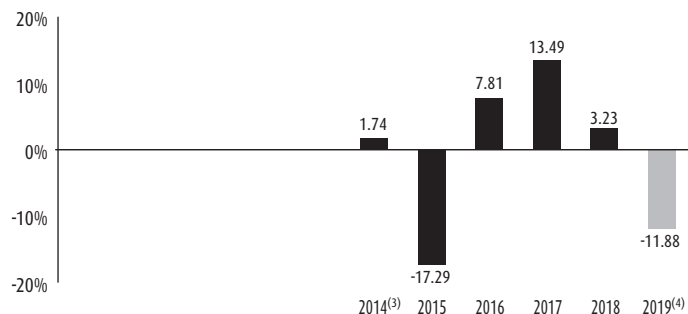
Advisor Series Units



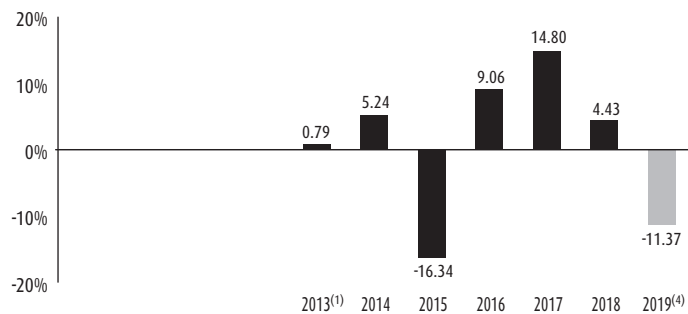
Series F Units



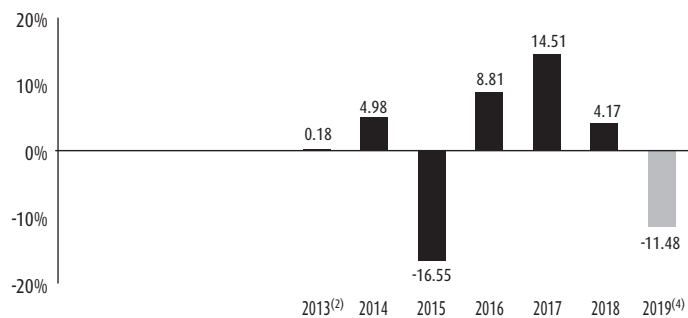
Series D Units



Series I Units



Series O Units



⁽¹⁾ For the period beginning with the performance launch date of August 12, 2013 to September 30, 2013.

⁽²⁾ For the period beginning with the performance launch date of September 20, 2013 to September 30, 2013.

⁽³⁾ For the period beginning with the performance launch date of April 8, 2014 to September 30, 2014.

⁽⁴⁾ For the six-month period ended March 31, 2019.

BMO Preferred Share Fund

SUMMARY OF INVESTMENT PORTFOLIO

As at March 31, 2019

Portfolio Allocation	% of Net Asset Value
Preferred Shares – Fixed/Floaters	71.4
Preferred Shares – Straight	19.9
Money Market Investments	5.7
Fixed Income Fund	2.4
Cash/Receivables/Payables	0.5
Preferred Shares – Floating Perpetual	0.1
Total Portfolio Allocation	100.0

Top 25 Holdings Issuer	% of Net Asset Value
BMO Laddered Preferred Share Index ETF ⁺	2.4
Government of Canada, Treasury Bills, 1.653% Aug 8, 2019	2.2
Royal Bank of Canada, Series BB, 3.900%, Non-Cumulative, Fixed/Floating Rate Preferred, Redeemable, Aug 24, 2019, \$25.00	1.8
Brookfield Office Properties Inc., Series N, 3.782%, Cumulative, Fixed/Floating Rate Preferred, Redeemable, Jun 30, 2021, \$25.00	1.7
Bank of Montreal, Series 27, 4.000%, Non-Cumulative, Fixed/Floating Rate Preferred, Redeemable, May 25, 2019, \$25.00	1.7
Pembina Pipeline Corporation, Series 5, 5.000%, Cumulative, Fixed/Floating Rate Preferred, Redeemable, Jun 1, 2019, \$25.00	1.7
Canadian Imperial Bank of Commerce, Series 39, 3.900%, Non-Cumulative, Fixed/Floating Rate Preferred, Redeemable, Jul 31, 2019, \$25.00	1.6
Government of Canada, Treasury Bills, 1.643% Apr 18, 2019	1.6
Toronto-Dominion Bank, The, Series 5, 3.750%, Non-Cumulative, Fixed/Floating Rate Preferred, Redeemable, Jan 31, 2020, \$25.00	1.6
Brookfield Renewable Partners L.P., Series 7, 5.500%, Cumulative, Fixed/Floating Rate Preferred, Redeemable, Jan 31, 2021, \$25.00	1.5
Royal Bank of Canada, Series BD, 3.600%, Non-Cumulative, Fixed/Floating Rate Preferred, Redeemable, May 24, 2020, \$25.00	1.4
Enbridge Inc., Series B, 3.415%, Cumulative, Fixed/Floating Rate Preferred, Redeemable, Jun 1, 2022, \$25.00	1.4
Brookfield Asset Management Inc., Series 42, 4.500%, Cumulative, Fixed/Floating Rate Preferred, Redeemable, Jun 30, 2020, \$25.00	1.4
Toronto-Dominion Bank, The, Series 1, 3.900%, Non-Cumulative, Fixed/Floating Rate Preferred, Redeemable, Oct 31, 2019, \$25.00	1.4
National Bank of Canada, Series 38, 4.450%, Non-Cumulative, Fixed/Floating Rate Preferred, Redeemable, Nov 15, 2022, \$25.00	1.4
Brookfield Asset Management Inc., Series 40, 4.500%, Cumulative, Fixed/Floating Rate Preferred, Redeemable, Sep 30, 2019, \$25.00	1.4
Power Corporation of Canada, Series D, 5.000%, Non-Cumulative, Preferred, Redeemable, Apr 25, 2019, \$25.00	1.3

Top 25 Holdings Issuer	% of Net Asset Value
Pembina Pipeline Corporation, Series 9, 4.750%, Cumulative, Fixed/Floating Rate Preferred, Redeemable, Dec 1, 2020, \$25.00	1.3
Great-West Lifeco Inc., Series S, 5.250%, Non-Cumulative, Preferred, Redeemable, Jun 30, 2019, \$26.00	1.3
Government of Canada, Treasury Bills, 1.651% May 30, 2019	1.2
Power Corporation of Canada, Series G, 5.600%, Non-Cumulative, Preferred, Redeemable, Apr 25, 2019, \$25.50	1.2
Bank of Nova Scotia, The, Series 38, 4.850%, Non-Cumulative, Fixed/Floating Rate Preferred, Redeemable, Jan 27, 2022, \$25.00	1.2
Bank of Montreal, Series 31, 3.800%, Non-Cumulative, Fixed/Floating Rate Preferred, Redeemable, Nov 25, 2019, \$25.00	1.2
Pembina Pipeline Corporation, Series 7, 4.500%, Cumulative, Fixed/Floating Rate Preferred, Redeemable, Dec 1, 2019, \$25.00	1.2
Royal Bank of Canada, Series AZ, 4.000%, Non-Cumulative, Fixed/Floating Rate Preferred, Redeemable, May 24, 2019, \$25.00	1.1
Top Holdings as a Percentage of Total Net Asset Value	37.2
Total Net Asset Value	\$321,796,830

⁺The prospectus and other information about the underlying exchange traded fund held in the portfolio are available on the internet at www.sedar.com and, also at www.bmo.com/etflegal.

The summary of investment portfolio may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

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If you have any questions, please give us a call as follows:

- If you purchased BMO Mutual Funds through a BMO Bank of Montreal branch or BMO Online Banking, please call 1-800-665-7700.
- If you purchased BMO Mutual Funds through a full-service or discount broker, please call 1-800-668-7327 or email clientservices.mutualfunds@bmo.com.

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest in and the risks detailed from time to time in BMO Mutual Funds' simplified prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, BMO Investments Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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